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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/08 AND ENDING 12/31/08
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: The Griswold Company Incorporated

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

61 Broadway - 28th Floor

(No. and Street)

New York

NY

10006

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Sean Trager, CEO 212-509-2100

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

David Tarlow & Co., C.P.A., P.C. d/b/a Tarlow & Co., C.P.A.'s

(Name - if individual, state last, first, middle name)

7 Penn Plaza, Suite 804

New York

NY

10001

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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OATH OR AFFIRMATION

I, Sean Trager, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of The Griswold Company Incorporated, as of December 31, 2008, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Signature

C.E.O.

Title

Notary Public

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of ~~Changes in Financial Condition~~ Cash flows.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

****For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**



TARLOW & CO., C.P.A.'S
A PROFESSIONAL CORPORATION

7 Penn Plaza, Suite 804, New York, N.Y. 10001 Tel. 212-697-8540 Fax. 212-573-6805

INDEPENDENT AUDITOR'S REPORT

To the Stockholders of
The Griswold Company, Inc.

We have audited the accompanying statement of financial condition of The Griswold Company, Inc. as of December 31, 2008, and the related statements of income, changes in stockholders' equity, changes in liabilities subordinated to the claims of general creditors, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Griswold Company, Inc. as of December 31, 2008, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on page 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Tarlow & Co., C.P.A.'s

New York, New York
February 25, 2009

THE GRISWOLD COMPANY, INC.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2008

ASSETS

Cash and cash equivalents	\$ 1,919,616	
Securities owned - at market value	1,517,947	
Commission receivable	788,797	
Property and equipment, net	33,253	
Other assets	<u>84,372</u>	
Total assets		<u>\$ 4,343,985</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities

Accounts payable and accrued expenses	\$ 798,844	
Other liabilities	<u>575,734</u>	
Total liabilities		\$ 1,374,578
Commitments and contingent liabilities		

Stockholders' equity

Common stock - Class A, voting, \$.004 par value; authorized 4,000,000 shares, issued 3,010,000 and outstanding 2,510,000 shares	12,040	
Common stock - Class B, nonvoting, \$.004 par value; authorized 6,000,000 shares, issued 1,397,040 shares and outstanding 558,770 shares	5,588	
Additional paid-in capital	3,460,969	
Treasury stock, voting, 500,000 shares; nonvoting, 838,270 shares at cost	(2,525,205)	
Retained earnings	<u>2,016,015</u>	
Total stockholders' equity		<u>2,969,407</u>
Total liabilities and stockholders' equity		<u>\$ 4,343,985</u>

THE GRISWOLD COMPANY, INC.

STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 2008

Revenue:

Commissions	\$ 13,251,192
Interest and dividends	109,276
Other	<u>154,041</u>

Total revenue	\$ 13,514,509
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Realized gain on sale of BSE seats	686,787
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Realized/unrealized loss from investment transactions in securities	(2,839,069)
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Expenses:

Employee compensation and benefits	8,404,991
Exchange fees, clearance charges and other brokerage costs	3,007,245
Professional fees	423,797
Interest	31,772
Travel, meals and entertainment	165,765
Communications	254,128
Occupancy	96,517
Charitable contributions	30,150
Insurance	331,471
Commissions	323,767
Other	<u>404,611</u>

Total expenses	<u>13,474,214</u>
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Loss before provision for income taxes	(2,111,987)
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Provision for income taxes	<u>48,918</u>
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Net loss	<u>\$ (2,160,905)</u>
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THE GRISWOLD COMPANY, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2008

	Common Stock				Additional Paid-In Capital	Treasury Stock		Retained Earnings	Total
	Class A - Voting		Class B - Nonvoting						
	Shares	Amount	Shares	Amount					
Balance, December 31, 2007	3,010,000	\$ 12,040	1,397,040	\$ 5,588	\$ 3,460,969	1,104,532	\$ (2,046,082)	\$ 4,176,920	\$ 5,609,435
Net loss								(2,160,905)	(2,160,905)
Treasury stock purchased - Class B						233,738	(479,123)		(479,123)
Balance, December 31, 2008	<u>3,010,000</u>	<u>\$ 12,040</u>	<u>1,397,040</u>	<u>\$ 5,588</u>	<u>\$ 3,460,969</u>	<u>1,338,270</u>	<u>\$ (2,525,205)</u>	<u>\$ 2,016,015</u>	<u>\$ 2,969,407</u>

The accompanying notes are an integral part of these financial statements.

THE GRISWOLD COMPANY, INC.

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO THE CLAIMS OF GENERAL CREDITORS**

YEAR ENDED DECEMBER 31, 2008

Subordinated debentures payable at December 31, 2007	\$ 340,000
Repayment of subordinated debentures payable	<u>340,000</u>
Subordinated debentures payable at December 31, 2008	<u>\$ -</u>

THE GRISWOLD COMPANY, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2008

Cash flows from operating activities:

Net loss	\$ (2,160,905)	
Adjustment to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	8,493	
Gain on sale of BSE seats	(686,787)	
(Increase) decrease in operating assets:		
Commissions receivable	364,377	
Securities owned – at market	2,839,069	
Other assets	158,270	
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(248,088)	
Other liabilities	(529,600)	
Net cash used by operating activities		\$ (255,171)

Cash flows from investing activities

Proceeds from sale of BSE seats	1,671,787
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Cash flows from financing activities:

Repayment of notes payable	(511,371)	
Repayment of subordinated debt	(340,000)	
Purchase of treasury stock	(479,123)	
Net cash used in financing activities		<u>(1,330,494)</u>
Net increase in cash and cash equivalents		86,122
Cash and cash equivalents at beginning of year		<u>1,833,494</u>
Cash and cash equivalents at end of year		<u>\$ 1,919,616</u>

Supplemental disclosures of cash flow information:

Cash paid during the year for:		
Interest	\$	36,079
Income taxes	\$	-

THE GRISWOLD COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

NOTE 1 - NATURE OF BUSINESS

The Griswold Company, Inc. (the "Company") is a broker-dealer registered with the Securities and Exchange Commission (the "SEC") and is a member of the New York Stock Exchange, Inc. (the "NYSE"); the Boston Stock Exchange (the "BSE"); the Financial Industry Regulatory Authority, Inc. ("FINRA"), formerly the National Association of Securities Dealers (the "NASD"); The NASDAQ Stock Market (the "NASDAQ") and the Securities Investor Protection Corporation (the "SIPC"). The Company earns commissions from activities transacted with other registered broker-dealers as well as non broker-dealer customers. The Company acts as an introducing broker.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Security transactions

Security transactions (and related commission revenue and expense) are recorded on a trade-date basis. Publicly traded securities owned are stated at market value with unrealized gains and losses reflected in income.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

c) Cash equivalents

The Company considers highly liquid investments with an original maturity of three months or less to be cash equivalents.

d) Property and equipment

Property and equipment are stated at cost. Depreciation is computed using accelerated methods over the estimated useful lives of the assets.

e) Concentrations and credit risks

The Company maintains cash in bank deposit accounts, which, at times, may exceed federally insured limits.

**NOTE 3 - RECEIVABLE FROM CLEARING BROKER/
SECURITIES HELD AT BROKER**

The Company conducts business with one clearing broker on behalf of its customers. The Company earns commissions as an introducing broker for the transactions of its customers. The clearing and depository operations for the Company's customer accounts are performed by its clearing broker pursuant to a clearance agreement.

THE GRISWOLD COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

NOTE 4 - COMMITMENTS AND CONTINGENT LIABILITIES

a) Lease commitments

The Company entered into a lease for new offices in December 2007, expiring in February 2013.

Minimum future lease payments are as follows:

Year ending December 31,

2009	\$ 95,172
2010	104,825
2011	107,970
2012	111,209
2013	<u>19,091</u>
	<u>\$ 438,267</u>

Rent expense for the year ended December 31, 2008 amounted to \$96,517.

b) Brokerage activities

In the normal course of business, the Company is engaged in various brokerage activities on an agency basis through a clearing broker. In connection with these activities, a customer's unsettled transactions may expose the Company to off-balance sheet risk in the event the customer is unable to fulfill its contractual obligations. Significant credit exposure may result in the event that the Company's clearing broker is unable to fulfill their contractual obligation.

c) Litigation

In the normal course of business, the Company could be a defendant in lawsuits. The Company believes that any litigation currently pending is without merit and will not have a material effect on the Company's financial position.

THE GRISWOLD COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

NOTE 5 - NET CAPITAL REQUIREMENTS

As a registered broker-dealer and member firm of the NYSE, BSE, FINRA, and NASDAQ, the Company is subject to the Uniform Net Capital Rule (Rule 15c3-1) of the SEC. The Company computes its net capital under the basic method permitted by the rule, which requires the maintenance of minimum net capital of 6-2/3% of aggregate indebtedness, as defined, or \$5,000, whichever is greater. At December 31, 2008, the Company had net capital of \$2,252,992, which exceeded the requirement by \$2,161,354.

NOTE 6 - EMPLOYEE BENEFIT PLANS

The Company maintains a noncontributory defined contribution profit-sharing plan and a 401(k) plan which include all eligible employees, as defined in the plans. Contributions to the plans are at the discretion of management. For the year ended December 31, 2008, \$29,274 was contributed to the 401(k) plan.

NOTE 7 - INCOME TAXES

No provision for federal income taxes has been made as the Company has elected to be treated as an S Corporation for federal income tax purposes. As such, the Company is not liable for federal income tax payments. The Company is subject to state income taxes at reduced rates and local taxes.

At December 31, 2008, the provision for taxes consists of the following:

New York City Corporate Tax	\$ 46,418
New York State Franchise Tax	<u>2,500</u>
	<u>\$ 48,918</u>

SUPPLEMENTARY INFORMATION

THE GRISWOLD COMPANY, INC.

SUPPLEMENTARY INFORMATION

COMPUTATION OF NET CAPITAL PURSUANT TO UNIFORM
NET CAPITAL RULE 15c3-1

DECEMBER 31, 2008

Net Capital

Stockholders' equity \$ 2,969,407

Credits - liability subordinated to claims of general creditors -

2,969,407

Debits:

Nonallowable assets

Receivables \$ 144,732

Property and equipment 33,253

Other assets 84,372

Other deductions and/or charges 38,459

Total debits 300,816

Net capital before haircuts on marketable securities 2,668,591

Less haircuts on securities and other charges 227,936

Undue concentration 187,663

415,599

Net capital per rule 15c3-1 2,252,992Minimum net capital requirement – 6-2/3% of aggregate indebtedness of
\$1,374,578 or \$5,000, whichever is greater 91,638

Excess net capital \$ 2,161,354

Aggregate Indebtedness

Accounts payable and accrued expenses \$ 1,374,578

Total aggregate indebtedness \$ 1,374,578

Ratio of aggregate indebtedness to net capital 0.64 to 1

**Reconciliation with Company's computation (included in part II of
Form x-17a-5 as of December 31, 2008)**

Excess as reported in Company's Part II Focus report \$ 2,124,213

Audit adjustments, net 37,141

Excess per above computation \$ 2,161,354

REPORT ON INTERNAL CONTROL STRUCTURE



TARLOW & CO., C.P.A.'S
A PROFESSIONAL CORPORATION

7 Penn Plaza, Suite 804, New York, N.Y. 10001 Tel. 212-697-8540 Fax. 212-573-6805

To the Stockholders of
The Griswold Company, Inc.:

In planning and performing our audit of the financial statements of The Griswold Company, Inc, as of and for the year ended December 31, 2008 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining an internal control and the practices and procedures referred to in the preceding paragraphs. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2008, to meet the SEC's objectives.

This report is intended solely for the information and use of the Management Committee, the SEC, FINRA, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specific parties.

Tarlow & Co., C.P.A.'s

New York, New York
February 25, 2009

THE GRISWOLD COMPANY, INC.

ANNUAL REPORT

DECEMBER 31, 2008

THE GRISWOLD COMPANY, INC.

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